

Message Text

CONFIDENTIAL

PAGE 01 VIENNA 01289 220009Z

62

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-07 NEA-10 ISO-00 IO-11

FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00

DODE-00 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-04 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 /132 W

----- 075878

R 191057Z FEB 76 ZDK

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 7806

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY CAIRO

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY BEIRUT BY POUCH

USINT BAGHDAD BY POUCH

C O N F I D E N T I A L VIENNA 1289

E.O. 11652: GDS

TAGS: OPEC, ENRG, AU

SUBJECT: OPEC OFFICIAL DISCUSSES CURRENT ISSUES

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 VIENNA 01289 220009Z

1. EMBOFF RECENTLY HAD LONG PRIVATE CONVERSATION WITH MID-LEVEL OPEC SECRETARIAT OFFICIAL. THE SUBSTANCE OF OFFICIAL'S WIDE-RANING REMARKS ON CURRENT OPEC ISSUES AND PROBLEMS ARE REPORTED BELOW.

2. THE OFFICIAL READILY ADMITTEED THAT DIFFERENTIALS REPRESENT OPEC'S MAJOR PROBLEM AT PRESENT. HE IS OBSERVING CURRENT STEERING COMMITTEE MEETING, AND COMMENTED THAT MATHEMATICAL MODELS ARE NOT YET PRODUCING THE DESIRED RESULTS. HE BELIEVES THAT DIFFERENTIALS PROBLEM WILL REMAIN UNRESOLVED UNTIL OPEC ADOPTS PRODUCTION PROGRAMMING TO CONTROL THE SUPPLY OF CRUDE OIL AVAILABLE TO THE MARKET. HE ACKNOWLEDGED THAT MARKET PRESSURES FORCED IRAN TO LOWER PRICE OF HEAVY CRUDE, BUR REMARKED THAT SOME IRANIAN OPEC OFFICIALS VIEW THE REDUCTION AS A "DEFEAT" FOR IRAN, WHICH HAS LONG BEEN A HAWK ON THE PRICE ISSUE. HE NOTED THAT SOME OPEC MEMBER COUNTRIES ARE RELUCTANT TO IMPLEMENT PRODUCTION PROGRAMMING AND STATED FLATLY THAT SAUDI ARABIA HAS KEPT OPEC FROM COLLAPSING BY ADJUSTING ITS PRODUCTION TO MARKET NEEDS.

3. HE ACKNOLWEDGED REPORTS OF ALLEGED IRAQI PRICE-SHAVING. HE SMILINGLY DECLINED TO CONFIRM THEM PRECISELY, BUT COMMTNED THAT IRAQI PRODUCTION STATISTICS SPEAK FOR THEMSELVES.

4. THE OFFICIAL TOUCHED LIGHTLY ON INTERNAL PROBLEMS WITH THE SECRETARY GENERAL, CHIEF M. O. FEYIDE. HE DESCRIBED CHIEF FEYIDE AS A CAREER CIVIL SERVANT WHO IS EXTREMELY RELUCTANT TO MAKE DECISIONS OR TAKE A PUBLIC POSITION. MANY OF THE STAFF FIND HIM A DIFFICULT SUPERIOR TO WORK WITH AND TO SATISFY. THE OFFICIAL HAD HEARD NO RUMORS YET CONCERNING THE IDENTITY OF THE NEXT SECRETARY GENERAL, BUT COMMENTED THAT IW WOULD BE ECUADOR'S "TURN" TO NOMINATE A CANDIDATE FOR THE POST.

5. THE OFFICIAL WAS UNAWARE OF AN IRAQI CALL, AS REPORTED IN WALL STREET JOURNAL LAST WEEK, FOR AN EXTRAORDINARY CONFERENCE OF THE MINISTERS. HE TENDED TO DOUBT ACCURACY OF THE STORY.

CONFIDENTIAL

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PAGE 03 VIENNA 01289 220009Z

6. THE OFFICIAL DOUBTED THAT THE MINISTERS WILL APPROVE ANY MORE APPLICATIONS FOR MEMBERSHIP IN OPEC. HE FELT THAT THE MINISTERS HAVE TACITLY AGREED NOT TO ACCEPT ANY NEW MEMBERS. HE ADDED THAT THE STATUTORY REQUIREMENT FOR UNANIMOUS DECISIONS ALSO WORKED AGAINST ACCEPTING NEW MEMBERS, BECAUSE IT WAS DIFFICULT ENOUGH NOW TO OBTAIN UNANIMITY.BUCHANAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Draft Date: 19 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: saccheem
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976VIENNA01289
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760066-0636
From: VIENNA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760232/aaaabcbk.tel
Line Count: 115
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: saccheem
Review Comment: n/a
Review Content Flags:
Review Date: 30 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 MAR 2004 by CollinP0>; APPROVED <27 JUL 2004 by saccheem>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPEC OFFICIAL DISCUSSES CURRENT ISSUES CONFIDENTIAL
TAGS: ENRG, AU, OPEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006